



RAMSAY  
HEALTH CARE



**Briefing – 24 February 2005**  
**Financial Results**  
**half-year ended 31 December 2004**



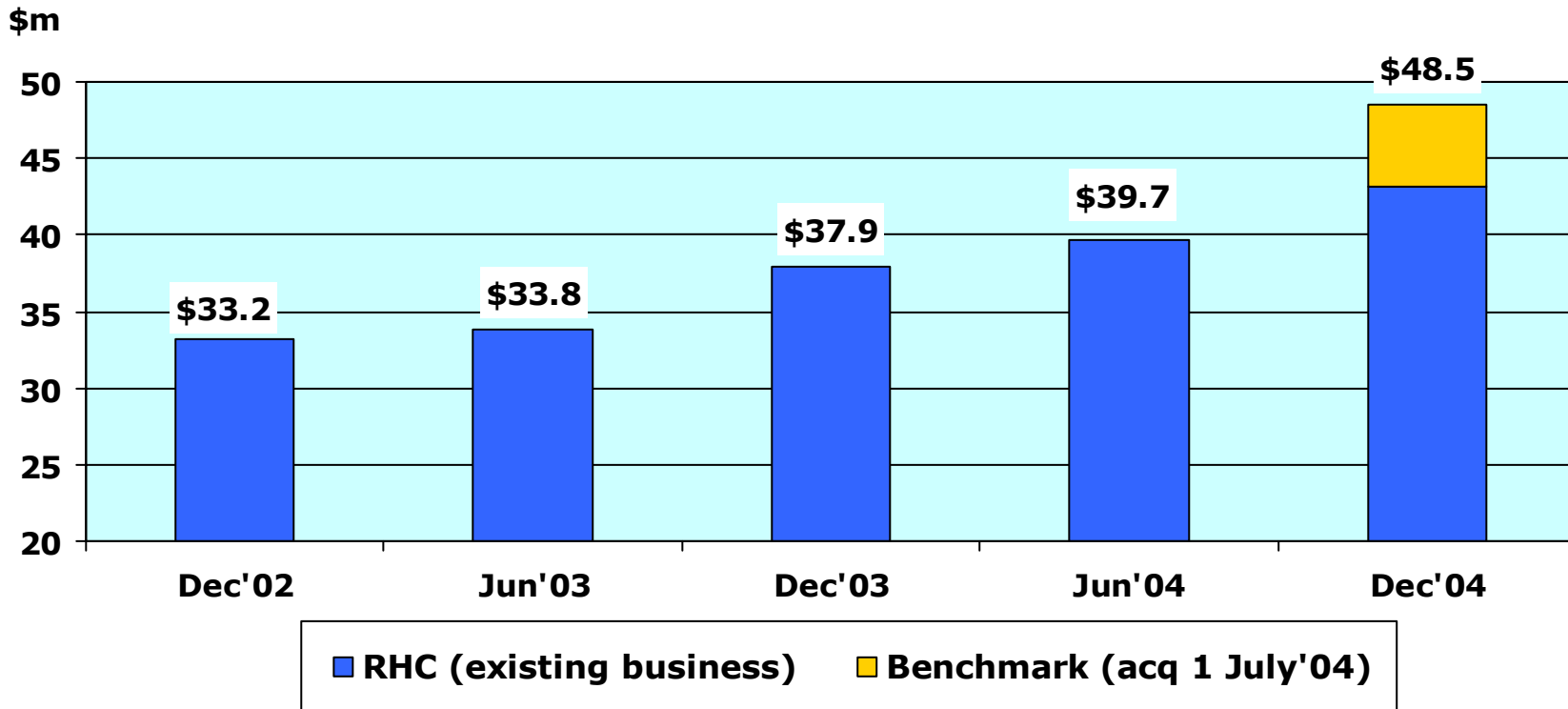
- Strong first half performance, core net profit up 17%
- Full year guidance upgraded - on track to comfortably exceed initial forecast for at least 10% core profit growth in FY2005
- Organic profit growth of 6.5% highlights strength of portfolio, focus on core business
- Pleasing results from Benchmark hospitals for 1<sup>st</sup> phase
- Expanded capacity at existing hospitals contribute to strong result
- \$80.3m equity raising further strengthens balance sheet
- Acquisitions - five aged care facilities, two stand alone hospital facilities (announced Feb 2005)



|  | Six-months ended 31 December |              |            |
|--|------------------------------|--------------|------------|
|  | 2003                         | 2004         |            |
|  | \$m                          | \$m          | % Inc.     |
| <b>Operating Revenue</b>   | <b>374.1</b>                 | <b>544.6</b> | <b>46%</b> |
| <i>Operating Revenue (excluding Benchmark)</i>                     | <i>374.1</i>                 | <i>424.2</i> | <i>13%</i> |
| <b>EBITDA</b>  | <b>51.7</b>                  | <b>66.5</b>  | <b>29%</b> |
| <b>EBITA</b>   | <b>37.9</b>                  | <b>48.5</b>  | <b>28%</b> |
| <i>EBITA (excluding Benchmark)</i>                                 | <i>37.9</i>                  | <i>43.1</i>  | <i>14%</i> |
| <b>Net Profit before Tax</b>                                       | <b>30.4</b>                  | <b>34.0</b>  | <b>12%</b> |
| <b>Net Profit after Tax</b>  | <b>18.8</b>                  | <b>22.3</b>  | <b>18%</b> |
| <b>Core Net Profit after Tax <sup>(1)</sup></b>                    | <b>21.3</b>                  | <b>24.9</b>  | <b>17%</b> |
| <i>(1) Before amortisation of goodwill and non-recurring items</i> |                              |              |            |



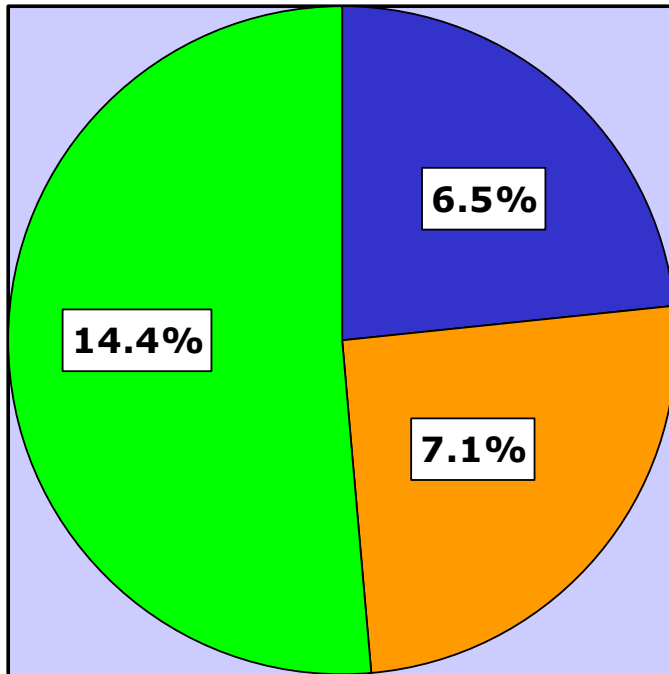
|   | Six-months ended 31 December |                     |            |
|---|------------------------------|---------------------|------------|
|   | 2003<br>cents/share          | 2004<br>cents/share | % Inc.     |
| <b>Basic EPS</b>  | <b>14.6 ¢</b>                | <b>17.2 ¢</b>       | <b>17%</b> |
| <b>Core EPS <sup>(1)</sup></b>  | <b>16.6 ¢</b>                | <b>19.2 ¢</b>       | <b>16%</b> |
| <b>Interim dividend – fully franked</b>                                       | <b>7.5 ¢</b>                 | <b>8.5 ¢</b>        | <b>13%</b> |
| <i><sup>(1)</sup> Before amortisation of goodwill and non-recurring items</i> |                              |                     |            |



- **EBITA up 28% for the half-year**
- **EBITA (excl Benchmark) up 14%**



- **EBITA up 28% for the half-year**



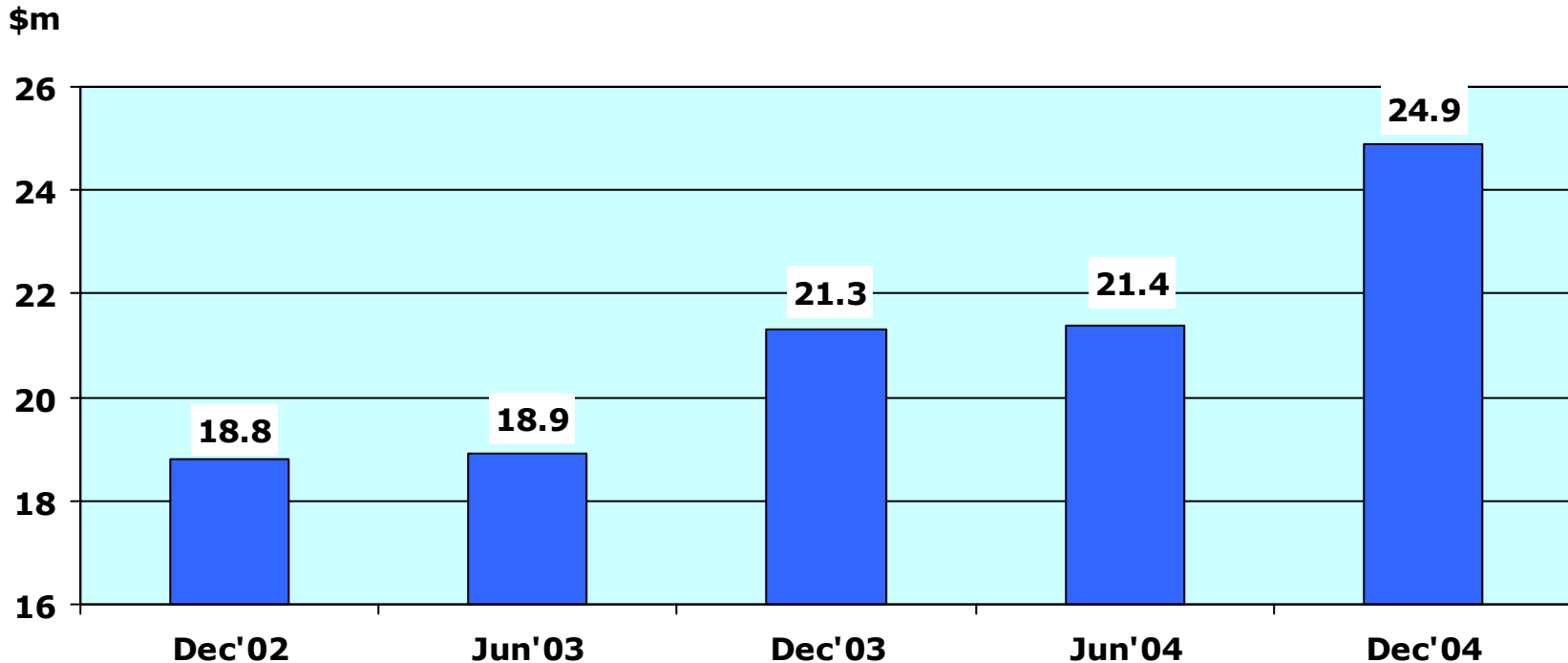
### Margins

- Group EBITA margin 8.9%
- EBITA margin (excl Benchmark) 10.2%
- Group EBITDA margin 12.2%
- EBITDA margin (excl Benchmark) 13.6%

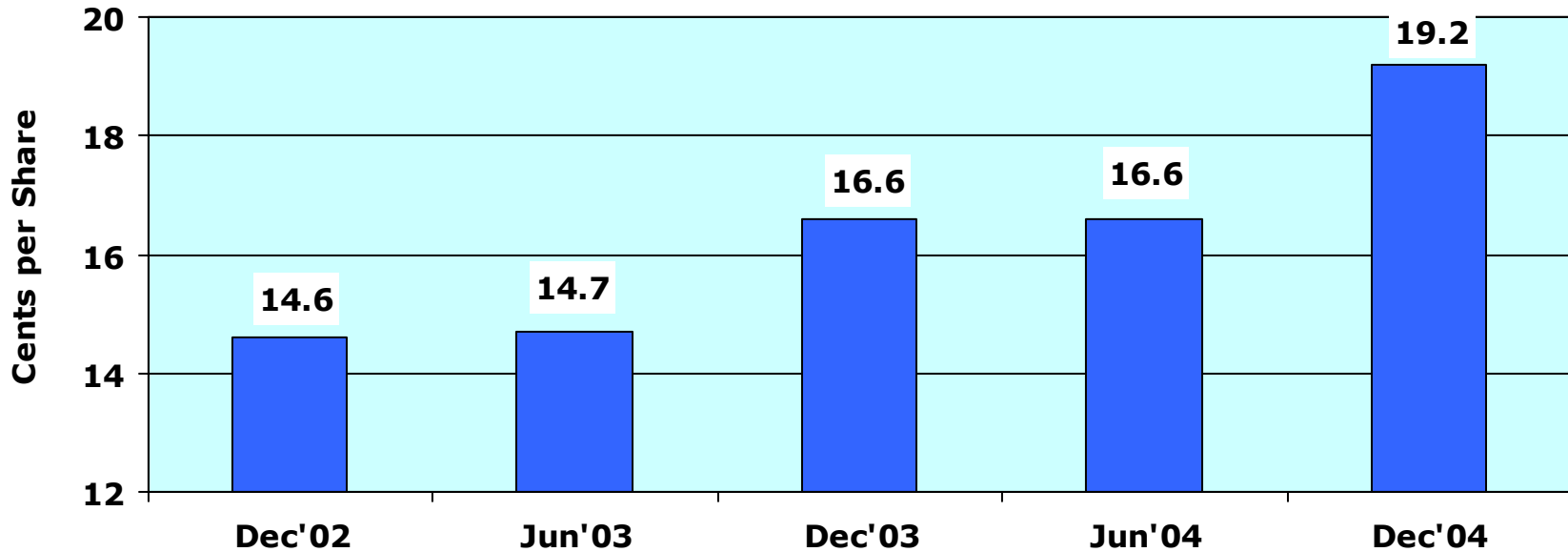
- Organic Growth - 6.5%
- Growth from Expanded Capacity - 7.1%
- Growth from Acquisitions - 14.4%



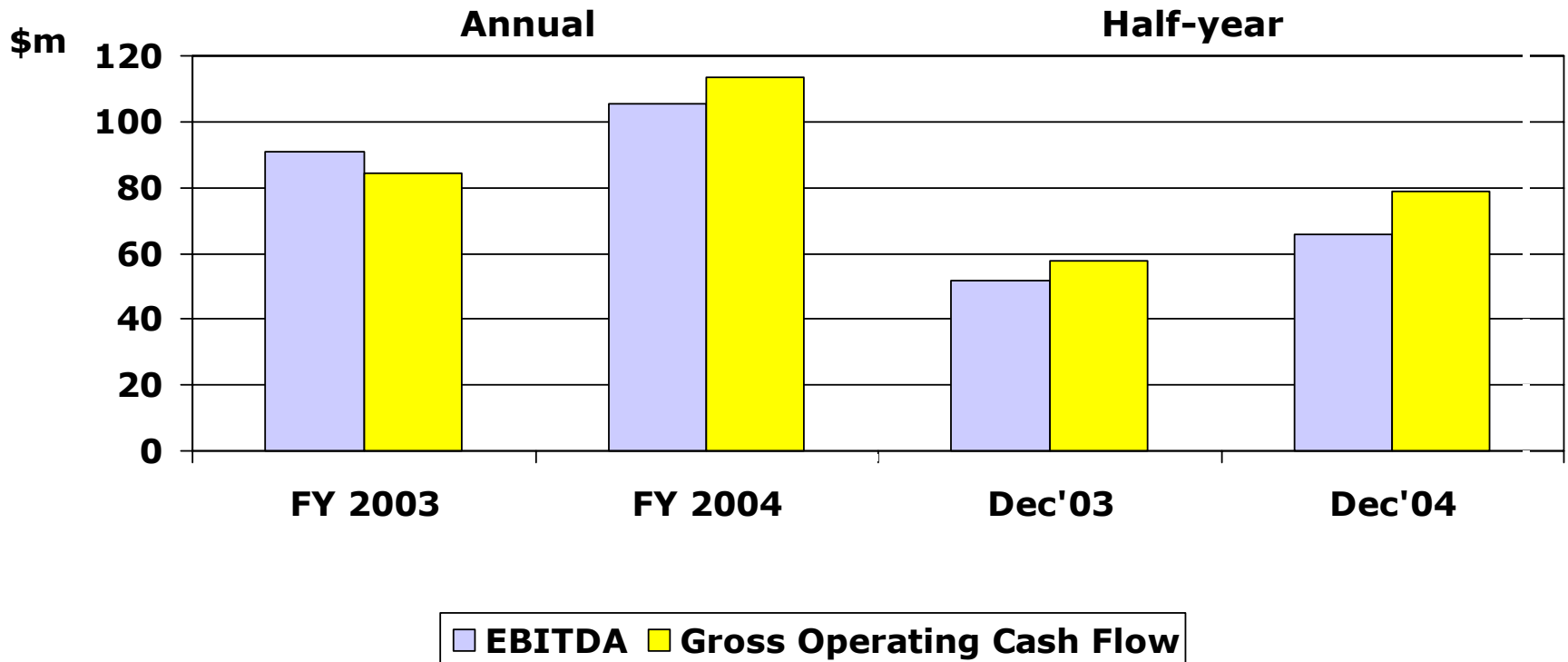
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- Core NPAT up 17% for the half-year
- Profit growing at an increasing rate based on strong underlying business



■ Core EPS up 16% for the half-year



- Effective working capital management leads to half-year EBITDA translating into strong gross operating cash flow



## Equity issue to raise a total net \$80.3 m

|                            |   | Shares Issued<br>m |
|----------------------------|---|--------------------|
| 2 Dec'04                   | Share placement to institutional investors              | 5.4                |
| 20 Jan'05                  | Share purchase plan to retail investors                 | 0.2                |
| 14 Mar'05                  | Share issue to Paul Ramsay Holdings P/L (app. 8 Feb'05) | 5.4                |
| <b>Total shares issued</b> |   | <b>11.0</b>        |

- **Raising to have neutral impact on core EPS due to interest savings**

## Significant funding headroom

- **Funds from equity issues initially to repay debt**
- **Available debt capacity \$300m for future expansion, acquisitions**

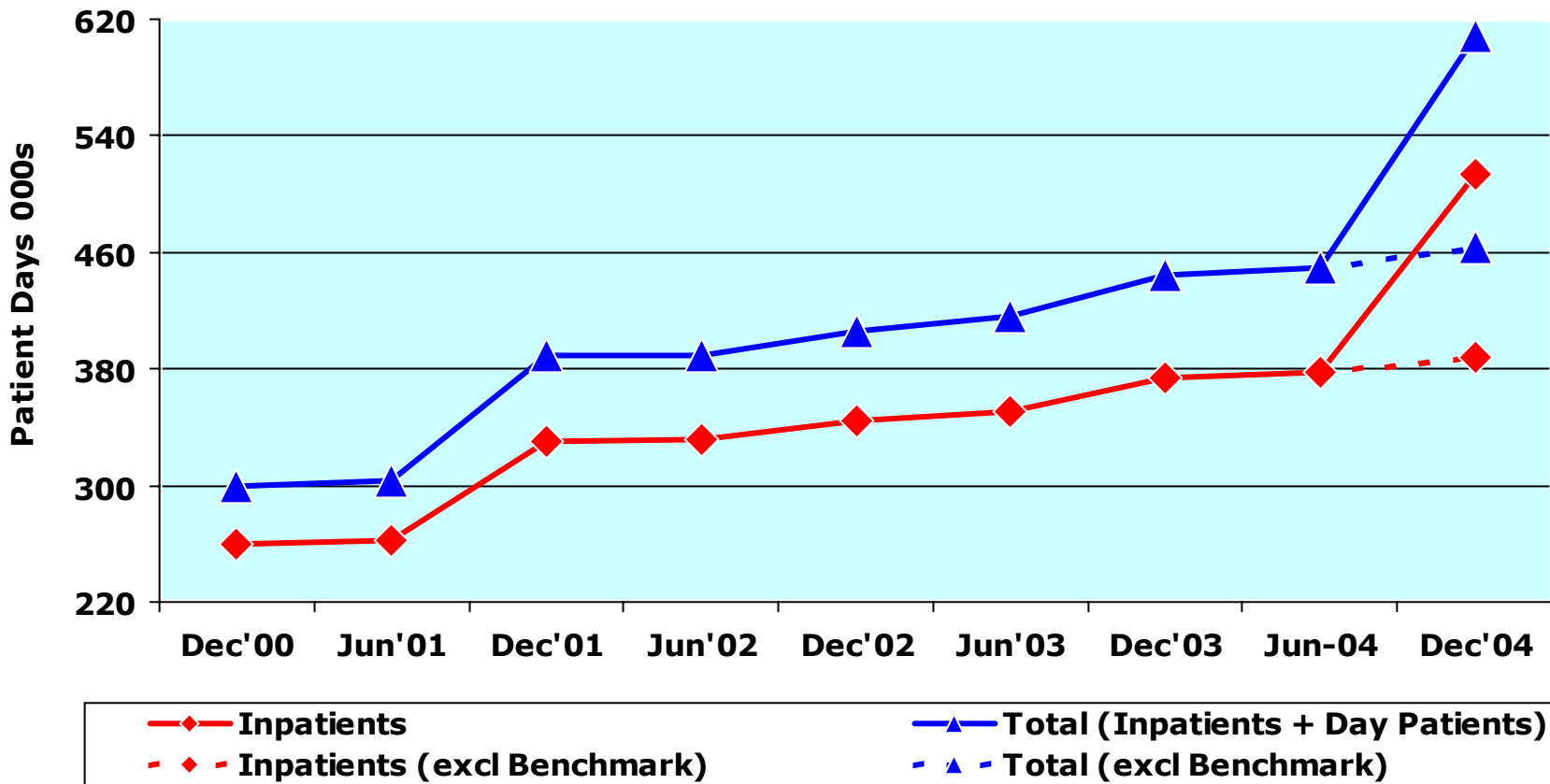


1. Focus on core hospital management
2. Invest in existing facilities
3. Grow through acquisitions in the hospital sector
4. Pursue opportunities outside hospitals close to core competencies - aged care



- Quality and diverse range of facilities, payor sources
- Market position, demand for quality facilities basis for constructive negotiations with health funds
- Effectively manage cost pressures
- Maintain good relationships with staff, doctors and health funds

Achieves strong organic growth of 6.5% and margin improvement in underlying business to 10.2%



- Admissions up 43.4% in half year
- Excluding Benchmark admissions up 7.5% in half year

- Investment from 1<sup>st</sup> phase of capacity expansion meeting expectations:
  - Greenslopes
  - Hollywood
  - Lake Macquarie
- Capacity expansion accounts for 7.1% of EBITA growth in half year
- Mt Wilga (rebuilt 86 bed facility to come onstream April)
- Further potential investment in additional capacity
  - Greenslopes
  - Hollywood
  - Lake Macquarie
  - North Shore Private

## Benchmark hospitals performing in line with forecast

- Results on track for positive EPS contribution this year
- Significant profit contribution expected over next 2 years

## Phase 1

- Expansion program begun by Benchmark builds platform for enhanced longer term profit growth
  - Wakefield (45 extra beds, new specialties)
  - College Grove (30 extra beds, transition to rehab)
  - Peninsula (consulting suites, day oncology services)
  - South Eastern (major refurbishment)
  - Churchill (extra cath lab, coronary unit)
- Integration on track

## Benchmark Phase 2

- Further significant growth expected from Ramsay's plans for additional revamp and expansion to some facilities
  - Churchill (adding theatres, beds)
  - Mitcham (theatre expansion, day surgery)
  - Beleura (expansion of psych services, additional bed capacity)

## Other hospital acquisitions (Feb 2005)

- Murray Valley, Wodonga, 30 beds
- Rockingham, Perth, 45 beds
- Good strategic fit with existing facilities
- Ramsay Health Care now has 37 hospital facilities
- Opportunities exist for further bolt-on acquisitions



- Dual strategy - acquisitions & greenfields development
- Greenfield developments
  - RHC has 206 aged care places in Coffs Harbour and Brisbane
  - Targeting 500-600 beds to be operational within 3 years
- Fundamentals for investing in aged care remain positive and compelling, with increased returns on a cash basis as bonds grow
- Acquisition of 5 aged care facilities + adjoining land from Ellis Residential Care announced in February (406 aged care places)



## The acquisition comprises:

- Five facilities and adjacent land
- Quality, near new facilities with potential for upgrade, no development risk
  - **Gracedale, 75 extra service beds**
  - **Bairnsdale, 90 low care/extra service beds**
  - **Lakeview, 76 low/high care beds**
  - **Paynesville, 100 low/high care beds**
  - **Sale, 65 low/high beds**
- New capacity being brought onstream
- RHC has first and last right of refusal on remaining 5 Ellis facilities
- RHC now has solid aged care footprint to build on; strong long term growth potential



## Ramsay will add further value through:

- **Additional capacity using adjoining land to develop additional aged care services, including independent living units**
- **Introduction of additional extra service places**
- **Increased revenue, EPS positive in 2<sup>nd</sup> year of acquisition as expansion benefits materialise**
- Profits will ramp up significantly as value of bonds increase (both in number and level), extra service places brought onstream



- 2<sup>nd</sup> half core net profit expected to match 1<sup>st</sup> half result, despite seasonality
- Full year expectations now comfortably above company's initial guidance for FY 2005
- Significant financial capacity supports our strategy to continue to pursue acquisitions in both hospital and aged care sectors
- Confident in double digit growth over the medium term based on strong organic growth, contributions from expansion programs and recent acquisitions

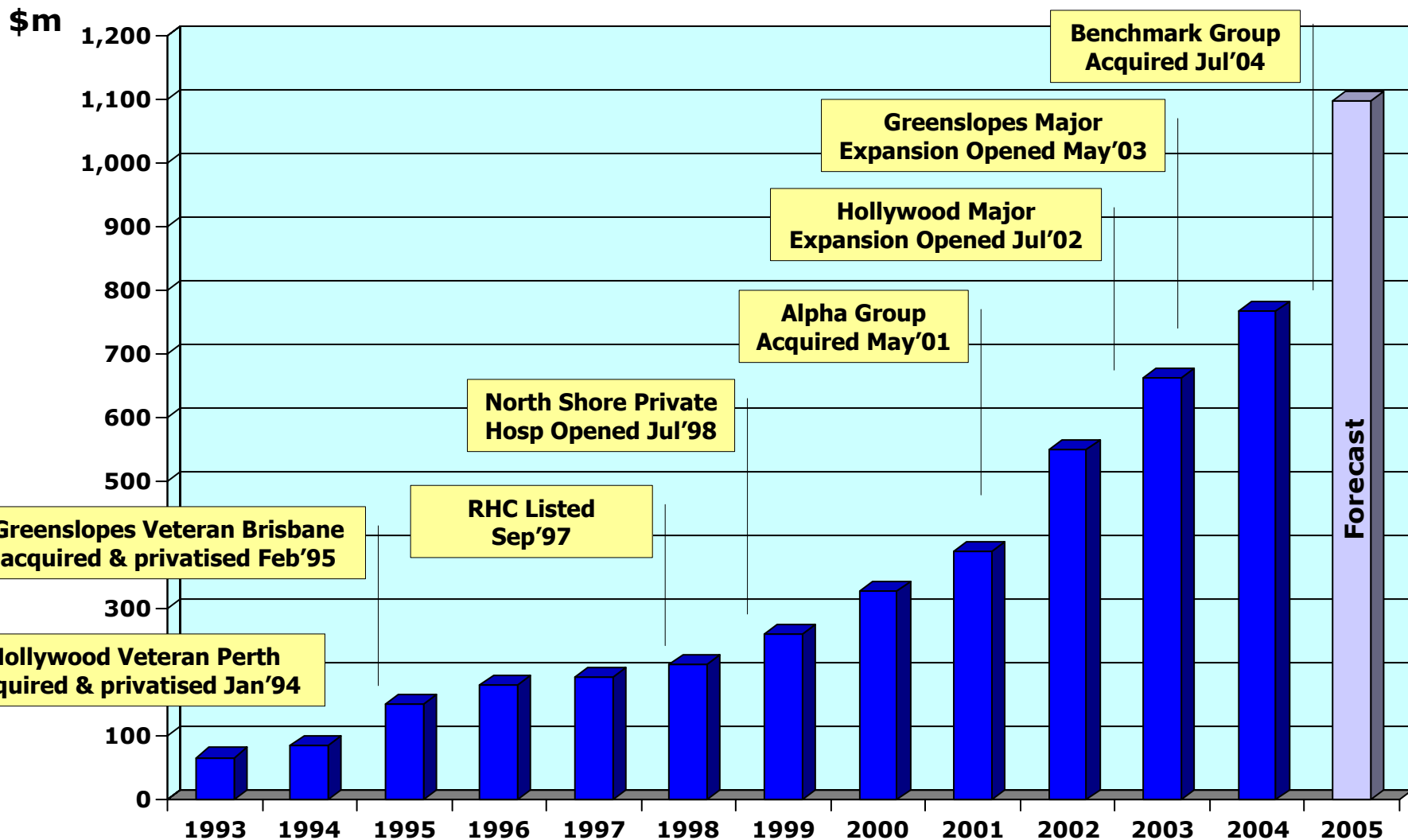


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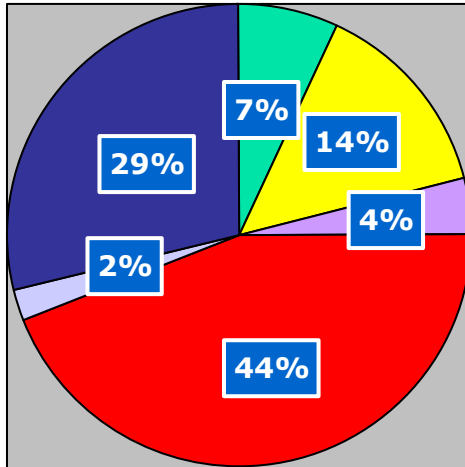
Appendix

# Revenue Growth Time Line

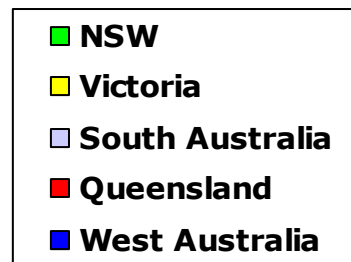
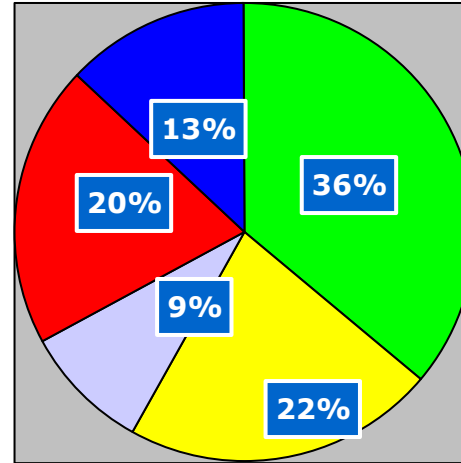




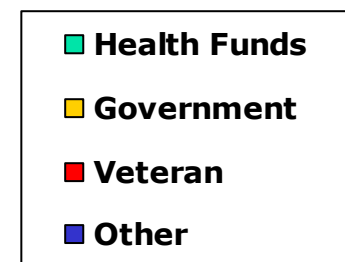
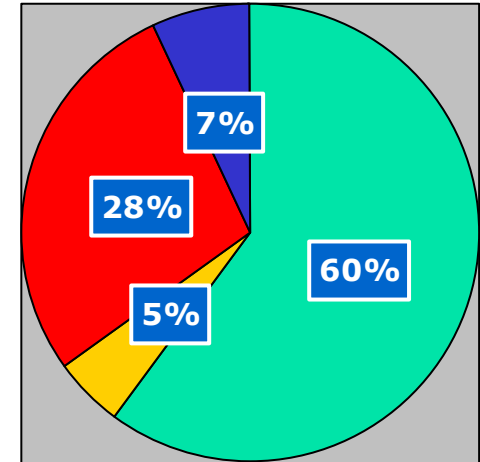
### Revenue by Division



### Revenue by State



### Revenue by Payor Source





| <b>Operating Divisions</b>                                | <b>Number of Facilities <sup>(1)</sup></b> | <b>Licensed Beds</b> |
|---|--|----------------------|
| <b><u>HOSPITALS:</u></b>                                  |  |                      |
| <b>Veteran</b>  | <b>2</b>                                   | <b>981</b>           |
| <b>Co-located</b>   | <b>3</b>                                   | <b>379</b>           |
| <b>Medical/Surgical</b>                                   | <b>19</b>                                  | <b>1,819</b>         |
| <b>Psychiatric</b>  | <b>8</b>                                   | <b>541</b>           |
| <b>Rehabilitation</b>                                     | <b>4</b>                                   | <b>264</b>           |
| <b>Under Management Contract</b>                          | <b>1</b>                                   | <b>60</b>            |
| <b>Total Facilities</b>                                   | <b>37</b>                                  | <b>4,044</b>         |
| <b><u>AGED CARE SERVICES:</u></b>                         |  |                      |
| <b>Aged Care Facilities (high/low care/extra service)</b> | <b>5</b>                                   | <b>406</b>           |
| <b>Under Management Contract</b>                          | <b>-</b>                                   | <b>65</b>            |
| <b>Home Care Services</b>                                 | <b>-</b>                                   | <b>-</b>             |
| <b>Total Facilities</b>                                   | <b>5</b>                                   | <b>471</b>           |

**Notes**

*(1) Including the Ellis Aged Care Facilities, Murray Valley Hospital & Rockingham Hospitals announced Feb'05*



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